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SENATE APPROVES TEN BILATERAL INVESTMENT TREATIES

United States Trade Representative Charlene Barshefsky welcomed the Senate's approval yesterday of ten Bilateral Investment Treaties (BITs) that were negotiated during the Clinton Administration. The treaties are with Bahrain, Jordan, Bolivia, El Salvador, Honduras, Lithuania, Croatia, Uzbekistan, Azerbaijan, and Mozambique. An amendment to a BIT with Panama was also approved.

"These agreements serve the key U.S. objective of bringing these countries into the world trading system as comprehensively as possible," said Ambassador Barshefsky. "BITs are critical to our larger efforts to promote trade and protect U.S. investment overseas. These treaties provide America's investors with the primary protections they need to do business abroad in a time of expanding opportunities and changing markets, while they also expand the web of good, solid investment regimes around the globe."

"These investment treaties are part of this Administration's efforts to build stronger economic relationships in quite different, but equally important, areas of the world. The Bahrain BIT is the first signed with a Gulf nation. This BIT and the Jordan BIT are part of a series of steps to strengthen and diversify America's commercial relationship with the Middle East. These BITs will offer additional confidence in Bahrain and Jordan as centers of business and trade in this region, reinforcing our shared commitment to peace and stability in this region."

The Lithuania, Croatia, Uzbekistan, Azerbaijan treaties are decisive steps forward in building a solid foundation for our trade and investment relations with economies in transition. The BITs will bolster market-oriented reform as these economies develop the policies needed to integrate into the world economy. They will provide basic protections needed by investors in a time of growing commercial opportunities. The BITs with Bolivia, El Salvador, Honduras, as well as the amendment to the Panama

BIT, serve a similar purpose in the Western Hemisphere, where there is a significant amount of U.S. investment.

The BIT with Mozambique is the fifth with a sub-Saharan African country, and the first in ten years in Africa. This BIT supports United States efforts to increase U.S. exports to Africa and provides reassurance to businesses contemplating investment in this region. Mozambique has undertaken extensive reforms despite serious obstacles. Increasing investment will reinforce the benefits of peace, democracy and economic growth in sub-Saharan Africa.

Background

A BIT provides the right to invest on terms no less favorable than those accorded domestic or third-country investors, in most sectors. It also entitles investors to the free transfer of capital, profits and royalties, freedom from certain performance requirements that distort trade and investment flows, access to international arbitration, and internationally recognized standards for expropriation and compensation. The Treaty also obligates governments to afford transparency in investment.

In an era where the international competitiveness of U.S. companies is dependent upon an effective worldwide presence in each region, these BITs will play an important role in providing confidence to U.S. investors to make capital commitments. The benefits of these agreements are not limited to U.S. investors. They raise standards throughout the world for the treatment of foreign investment. By removing obstacles to foreign investment and providing fundamental protections, they enhance the prospects for an increased flow of investment and greater prosperity to regions and countries which are capital-deprived.